

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0285P

**Sales and Use Tax Penalty
For Tax Period: 1999 and 2000**

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is an Indiana corporation that purchased two aircraft, one in 1999 and one in the year 2000. The Cessna "Aircraft Bill of Sale" is dated the 4th of February 2000 and was purchased by six co-owners. The Used Aircraft Purchase Agreement dated February 2, 2000 was signed by taxpayer along with an addendum for the co-owners. The Beechcraft King Air "Aircraft Bill of Sale" is dated November 10, 1999 and was purchased by six co-owners. The "Warranty Bill of Sale" was dated October 27, 1999 and addresses all six co-owners. On November 1, 2001 a Power of Attorney was submitted along with a letter protesting the penalty assessment.

A hearing was conducted on Tuesday, January 15, 2001.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer states that the aircraft applications were filed untimely because the aircraft ownership was in debate and that two of the entities that now own the aircraft were in the midst of merger discussions and corporate restructuring. Taxpayer further states that the companies and individuals were hesitant to register the aircraft until such time that merger and the restructuring issues were resolved.

The aircraft were purchased November 10, 1999 and February 4, 2000. Taxpayer submitted its aircraft registration forms that lists all six co-owners as originally shown on the Aircraft Bills of Sale on June 27, 2000 along with two checks for the tax. Taxpayer states that both aircraft were registered on May 8, 2000. No changes in ownership were noted after the original sales.

IC 6-6-6.5-2(a) requires any resident of this state who owns an aircraft to register the aircraft with the department not later than thirty-one (31) days after the purchase date. IC 6-6-6.5-19(d) further states that if an owner does not register its aircraft and pay the gross retail or use tax when required by this chapter, the owner shall be subject to a penalty and interest on the unpaid gross retail or use tax as established in IC 6-8.1-10-1.

Taxpayer failed to provide reasonable cause for the late registration and payment of tax for both aircraft. Taxpayer also held its checks more than six weeks after signing them along with the signed copies of its aircraft registrations.

FINDING

Taxpayer's protest is denied.